



BANK OF THAILAND

BOT Press Release

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**Press Release on Hong Kong and Thailand launch
a new cross-border payment-versus-payment link**

The Hong Kong Monetary Authority (HKMA) and Bank of Thailand (BOT) jointly announced today the official launch of the new cross-border payment-versus-payment (PvP) link between Hong Kong's US Dollar real time gross settlement (RTGS) system and Thailand's Thai Baht RTGS system (BAHTNET).

This PvP link, which starts operation today, will eliminate settlement risk in foreign exchange transactions between the US Dollars and Thai Baht by ensuring the simultaneous delivery of US Dollars in Hong Kong and Thai Baht in Thailand. Banks in Thailand can better manage their counterparty risks arising from US Dollar-Thai Baht foreign exchange transactions and enhance their operational efficiency in settling those transactions in a coordinated manner during Asian hours. Meanwhile, banks in Hong Kong will find new correspondent banking opportunities of serving banks in Thailand.

On 15 July 2013, the HKMA and BOT co-hosted a press conference in Thailand to announce the establishment of the PvP link. Following the completion of system development and testing, the link went live on schedule today.

The link is operated in Thailand by BOT and in Hong Kong by Hong Kong Interbank Clearing Limited (HKICL), which operates the interbank clearing systems in Hong Kong, and is equally owned by the HKMA and the Hong Kong Association of Banks.

Mr Peter Pang, Deputy Chief Executive of the HKMA, said, "This new PvP link provides a safer and more efficient arrangement for settling foreign exchange transactions. It is our USD RTGS system's third cross-border PvP link in the Asian region. It has been built based on the proven model of the existing PvP links with Malaysia and Indonesia. The implementation of this link sets another excellent example of central bank cooperation to provide solutions to enhance regional financial stability and meet market needs."

Mr. Krirk Vanikkul, Deputy Governor (Financial Institutions Stability) of BOT, said, “BOT believes that the PvP infrastructure will help enhance the capability of Thai banks to settle US Dollars and Thai Baht in real-time Payment versus Payment. Participating banks will have a secure platform to manage their foreign exchange settlement risk which leads to the risk mitigation in the banking system. This new link also promotes the efficiency and credibility of payment systems in Thailand by having reliable payment infrastructure in line with international standard. BOT would like to express our appreciation to HKMA, HKICL and all participating banks for their contributions and productive cooperation to help the country achieve this cross-border PvP link. ”

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